

## SUBCOMMITTEE: SUBCOMMITTEE #3

## HOUSE BILL NO. 2741

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Commerce and Labor

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Aird)

A BILL to amend and reenact § 62.1-204 of the Code of Virginia and to amend the Code of Virginia by adding in Title 45.1 a chapter numbered 27, consisting of sections numbered 45.1-395 through 45.1-401, relating to Clean Energy Advisory Board; fund; solar installation loan or rebate; report; sunset.

**Be it enacted by the General Assembly of Virginia:**

**1. That § 62.1-204 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Title 45.1 a chapter numbered 27, consisting of sections numbered 45.1-395 through 45.1-401, as follows:**

CHAPTER 27.CLEAN ENERGY ADVISORY BOARD.**§ 45.1-395. Clean Energy Advisory Board; purpose.**

The Clean Energy Advisory Board (the Board) is established as an advisory board in the executive branch of state government. The purpose of the Board is to establish a pilot program for disbursing loans or rebates for the installation of solar energy infrastructure in low-income and moderate-income households.

**§ 45.1-396. Membership; terms; quorum; meetings; staffing.**

The Board shall have a total membership of 15 members that shall consist of 14 nonlegislative citizen members and one ex officio member. Nonlegislative citizen members shall be appointed as follows:

1. Five nonlegislative citizen members to be appointed by the Speaker of the House of Delegates upon consideration of the recommendations of the Board of Directors of the Maryland-DC-Delaware-

Virginia Solar Energy Industries Association (the MDV-SEIA Board) and the Governor's Advisory Council on Environmental Justice (the Council), one of whom shall be a solar energy professional or employer or representative of solar energy professionals, one of whom shall be a rooftop solar energy professional or employer or representative of rooftop solar energy professionals, one of whom shall be a current or former member of the Council, and one of whom shall be a member or representative of the Virginia, Maryland and Delaware Association of Electric Cooperatives (VMDAEC);

2. Three nonlegislative citizen members to be appointed by the Senate Committee on Rules upon consideration of the recommendations of the MDV-SEIA Board, one of whom shall be a solar energy professional or employer or representative of solar energy professionals, one of whom shall work for or with a Virginia-based investor-owned electric utility company, and one of whom shall be a member or representative of VMDAEC; and

3. Seven nonlegislative citizen members to be appointed by the Governor upon consideration of the recommendations of the MDV-SEIA Board and the Advisory Council of Environmental Justice and subject to confirmation by the General Assembly, one of whom shall be an attorney who is licensed to practice in the Commonwealth and maintains a legal practice in renewable energy law and transactions, one of whom shall be an attorney who is licensed to practice in the Commonwealth and specializes in tax law and energy transactions, one of whom shall be an attorney with the Division of Consumer Counsel created pursuant to the provisions of § 2.2-517, one of whom shall be an employee of a community development financial institution who specializes in impact investing, one of whom shall be a member of a Virginia environmental organization, and two of whom shall be members of the Board of Housing and Community Development, created pursuant to the provisions of Chapter 8 (§ 36-131 et seq.) of Title 36.

The Director or his designee shall serve ex officio with voting privileges.

Nonlegislative citizen members of the Board shall be citizens of the Commonwealth. The ex officio member of the Board shall serve a term coincident with his term of office. Nonlegislative citizen members shall be appointed for a term of three years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments. All members may be reappointed.

The Board shall elect a chairman and vice-chairman from among its membership. A majority of the members shall constitute a quorum. The meetings of the Board shall be held at the call of the chairman or whenever the majority of the members so request.

The Department shall provide staff support to the Board. All agencies of the Commonwealth shall provide assistance to the Board, upon request.

**§ 45.1-397. Compensation; expenses.**

Citizen members shall receive such compensation for the performance of their duties as provided in § 2.2-2813. All members shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. Funding for the costs of compensation and expenses of the members shall be provided by the Department.

**§ 45.1-398. Powers and duties of the Board.**

The Board shall have the following powers and duties:

1. To advise the Director on the management of the Low-to-Moderate Income Solar Loan and Rebate Fund (the Fund) pursuant to the provisions of § 45.1-399;

2. To develop, establish, and operate, with the approval of the Director, a Low-to-Moderate Income Solar Loan and Rebate Pilot Program (the Program) pursuant to the provisions of § 45.1-400;

3. To advise the Director on the possibility of working with a community development financial institution or other financial institutions to further the purposes of the Program;

4. To advise the Director on the distribution of moneys in the Fund in the form of loans or rebates pursuant to the provisions of § 45.1-400; and

5. To submit to the Governor and the General Assembly an annual report for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports. The chairman shall submit to the Governor and the General Assembly an annual executive summary of the interim activity and work of the Board no later than the first day of each regular session of the General Assembly. The executive summary shall be submitted for publication as a report document as provided in the procedures of the Division of Legislative

Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

**§ 45.1-399. Low-to-Moderate Income Solar Loan and Rebate Fund.**

There is hereby created in the state treasury a special nonreverting fund to be known as the Low-to-Moderate Income Solar Loan and Rebate Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose, all funds raised from the sale of bonds on behalf of the Fund by the Virginia Housing Development Authority pursuant to the provisions of Chapter 1.2 (§ 36-55.24 et seq.) of Title 36 or the Virginia Resources Authority pursuant to the provisions of Chapter 21 (§ 62.1-197 et seq.) of Title 62.1, and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of extending loans or paying rebates to electric customers who complete solar installations pursuant to the provisions of § 45.1-400. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Director.

**§ 45.1-400. Low-to-Moderate Income Solar Loan and Rebate Pilot Program.**

A. The Board, with the approval of the Director, shall develop and establish a Low-to-Moderate Income Solar Loan and Rebate Pilot Program ("the Program") and rules for the loan or rebate application process. The Program shall be open to any Virginia resident whose household income is at or below 80 percent of the state median income or regional median income, whichever is greater. The Program shall allow only one loan or rebate per residence, irrespective of the ownership of the solar energy system that is installed. Such loan or rebate shall be available only for a solar installation on a residence or on a multi-unit residential building composed of four or fewer residential units.

B. The Board shall accept an application only from the installer of the solar installation or the agent of the customer.

Each application shall include (i) 12 months of the customer's utility bills prior to installation of the solar energy system and an agreement to provide 12 months of utility bills to the Board following the installation; (ii) the customer's permission for the Director to (a) create a customer profile for the customer if he becomes an eligible loan or rebate customer, (b) aggregate the data provided by such eligible loan or rebate customers, and (c) use such aggregate data for the purpose of lowering energy costs and implementing effective programs; (iii) evidence of the completion of a home performance audit, conducted by a qualified local weatherization service provider, before and after installation of energy efficiency services such as lighting or insulation improvements, attic tents, weatherization, air sealing of openings in the building envelope, sealing of ducts, or thermostat upgrades, to demonstrate that such energy efficiency services were completed and resulted in a reduction in consumption of at least 12 percent; and (iv) an affidavit attesting to the receipt of a public benefit at the time the solar energy system is to be installed.

C. The Board shall review each application submitted to it on a first-come, first-served basis and shall recommend to the Director the approval or denial of each such application within 30 days of receipt. If the Director approves an application, he shall hold a reservation of funds for as long as 180 days for final loan or rebate claim and disbursement.

D. A customer whose application is approved may install an energy system that is interconnected pursuant to the provisions of § 56-594 or 56-594.1.

E. All of the work of installing the energy system shall be completed by a licensed contractor that (i) possesses an Alternative Energy System Contracting (AES) specialty as defined by the Board for Contractors pursuant to the provisions of Chapter 11 (§ 54.1-1100 et seq.) of Title 54.1; (ii) possesses certification for solar installation from the Virginia State Licensing Board, the North American Board for Certified Energy Practitioners, Solar Energy International, Roof Integrated Solar Energy, or a similar installer certification program; (iii) possesses a rating of "A" or higher from the local Better Business Bureau; and (iv) has installed a minimum of 150 net-metered residential solar systems in Virginia. If the work of installing the solar energy system requires electrical work, it shall be completed by an electrical contractor licensed by the Virginia Department of Professional and Occupational Regulation. All

photovoltaic panels, inverters, and other electrical apparatus used in the solar energy system shall be tested and certified by a federal Occupational Safety and Health Administration Nationally Recognized Testing Laboratory such as UL LLC and installed in compliance with manufacturer specifications and all applicable building and electrical codes.

F. The customer or the installer, acting on behalf of the customer, shall submit any loan or rebate claim within 90 days of completion of the installation of the solar energy system, with completion deemed to have occurred once the solar energy system's bi-directional meter or net meter, or the respective utility's revenue grade meter, has been installed and the system has been electrified. Each rebate claim shall include, at a minimum, a date of system electrification and a time-stamped and date-stamped verification of (i) bi-directional net meter delivery or (ii) the operation of a compatible programmed smart meter capable of tracking net metering activity.

G. The Director shall review and approve or deny a loan or rebate claim within 60 days of receipt and shall provide a written explanation of each denial to the respective claimant. The Director shall disburse from the Low-to-Moderate Income Solar Loan and Rebate Fund created pursuant to § 45.1-399 the loan or rebate for each approved claim within 60 days of its receipt of the claim and according to the order in which its respective application was approved. The loan or rebate shall be in the amount of \$2 per DC watt for up to six kilowatts of solar capacity installed. The customer may use a rebate in addition to any federal tax credits or state incentives or enhancements earned for the same solar installation.

**§ 45.1-401. Sunset.**

This chapter shall expire on July 1, 2022.

**§ 62.1-204. Power to borrow money and issue bonds and credit enhancements.**

The Authority shall have the power to borrow money and issue its bonds in amounts the Authority determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of bonds. The Authority shall also have the power to issue credit enhancements with respect to local obligations issued to finance or refinance the cost of any project. The total outstanding aggregate principal amount of bonds issued by the Authority and local obligations guaranteed by the Authority pursuant to credit enhancements, that in either case are

160 secured by a capital reserve fund pursuant to the provisions of § 62.1-215, shall not exceed the sum of  
161 \$1.5 billion without prior approval of the General Assembly.

162 The Authority may issue bonds for the purpose of funding the Low-to-Moderate Income Solar  
163 Loan and Rebate Pilot Program administered by the Director of the Department of Mines, Minerals and  
164 Energy as advised by the Clean Energy Advisory Board pursuant to the provisions of Chapter 27 (§ 45.1-  
165 395 et seq.) of Title 45.1.

166 Notwithstanding the foregoing, the Authority shall not exceed the sum of eight million dollars in  
167 the total principal amount of bonds outstanding at any one time for the purpose of financing any heavy  
168 rail transportation facilities.

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